



## Watches of Switzerland Group PLC Q4 FY21 Trading

for the 14 weeks (Q4) and 53 weeks (FY) to 2 May 2021

### ***Strong finish to year with Adjusted EBITDA expected at upper end of guidance Outstanding US performance and robust UK trading despite extended lockdown***

Watches of Switzerland Group PLC (“the Group”) today provides the following update relating to the 14 and the 53 weeks ending 2 May 2021.

#### **FY21 Highlights**

- Group revenue £905.1 million (FY20: £810.5 million), +13.3% in constant currency, +11.7% in reported terms relative to FY20 and +17.9% in constant currency relative to FY19
  - Sales in line with guidance despite extended UK lockdown in Q4 (16 weeks vs Group’s assumption of 6 weeks) and adverse FX movements
- Outstanding growth in the US with revenue +38.5% vs FY20 and +64.8% vs FY19 (both in constant currency); investments and initiatives exceeding expectations and driving broad-based growth, including encouraging early results from the relaunch of luxury jewellery in Mayors
- Robust UK revenue performance +3.6% vs FY20 despite store closures for c. 26 weeks of the year (FY20: 6 weeks) and significantly reduced tourism and airport business (+3.1% relative to FY19)
- Luxury Watches +16.0% relative to FY20 to represent 87.1% of Group revenue (FY20: 83.9%)
- Significant step-up achieved in Group ecommerce sales +120.5% relative to last year
- Domestic sales now represent 94.7% of Group revenue (FY20: 72.5%)
- Proactive application of advanced technology to digital marketing, customer relationship management (“CRM”) and clienteling which continue to play an important role in driving business performance, generating strong conversion rates despite reduced store traffic
- FY21 Unaudited adjusted pre-IFRS 16 EBITDA<sup>1</sup> expected to be between £104.0 million and £107.0 million (FY20: £78.1 million), implied margin between 11.5% and 11.8% (FY20: 9.6%)
- Confirmed planned repayment of all furlough support received during the period from the UK Government
- Repayment and cancellation of £45.0 million Coronavirus Large Business Interruption Loan Scheme facility as a result of a continued strong business performance
- Approval to launch the Watches of Switzerland Group Foundation (“the Foundation”) with £1.5 million initial contribution with an additional £1.5 million committed for FY22
- Net debt<sup>2</sup> £43.9 million as at 2 May 2021 (26 April 2020: £129.7 million) relative to guidance range of £60.0 million to £80.0 million

#### **Q4 FY21 Highlights**

- **Group revenue £218.2 million (Q4 FY20: £123.9 million), +81.8% constant currency, +76.1% in reported terms relative to Q4 FY20 and +24.7% in constant currency relative to Q4 FY19**
- **UK revenue £126.2 million (FY20: £84.6 million); +49.3% vs Q4 FY20 and –2.7% relative to Q4 FY19**
  - Stores generated strong growth upon re-opening, having been closed since 26 December 2020
  - Further development of mono-brand channel with three boutiques opened in the UK

<sup>1</sup> Unaudited adjusted pre-IFRS 16 EBITDA is EBITDA before exceptional and non-underlying items. Non-underlying items includes loss on disposal of property, plant and equipment, costs from non-trading activities and management fees. Shown on a continuing basis.

<sup>2</sup> Net debt is total borrowings before adjusting for capitalised transaction costs less cash and cash equivalents

- Continued strong ecommerce sales +218.1%
- **US revenue £92.0 million (FY20: £39.3 million), +151.4% in constant currency, +133.6% in reported terms vs Q4 FY20 and +95.9% in constant currency relative to Q4 FY19**
  - Mayors stores in Florida and Georgia and Watches of Switzerland stores in New York continue to experience strong momentum whilst Las Vegas has seen improving trends, reflecting the easing of restrictions in this market
  - Eight recently opened mono-brand boutiques in five locations performing well
  - Initial results from recent ecommerce launch are according to plan and encouraging

#### **Outlook**

- The Group plans to continue to invest in growth and advancing its key strategic priorities
- During FY22, the Group does not assume any supply disruption or any national lockdowns in any of its markets with a gradual recovery in footfall anticipated. Our guidance reflects visibility of supply of key brands. The Group does not expect the return of tourism and airport business to pre-pandemic levels during the year. The Group provides the following guidance on a 52-week, pre-IFRS 16 and organic basis:
  - Revenue: £1.05 billion - £1.10 billion
  - EBITDA and Adjusted EBITDA margin %: flat to +0.5% vs last year
  - Depreciation, amortisation, impairment and profit/loss on disposal of fixed assets: £30.0 million - £32.0 million
  - Total finance costs: £4.0 million - £4.5 million
  - Underlying tax rate: 21.0%-22.5%
  - Capex: £40.0 million - £45.0 million
  - Net debt: £20.0 million - £30.0 million
  - USD/GBP rate of \$1.40
  - Additional £1.5 million contribution to the Foundation
- The Group has an exciting pipeline of store projects planned:
  - Continued investment in Mayors network in Florida and Georgia
  - Opening of new store in American Dream, New Jersey
  - Further mono-brand activity in the UK and the US
  - Opening of refurbished ex Fraser Hart stores
  - Opening of refurbished store in Aventura, Florida
  - Opening of refurbished Rolex boutique in Wynn Las Vegas
  - Opening of new Watches of Switzerland store in Battersea
  - Commencement of roll out of Goldsmiths Luxury elevated store formats
- The Group plans to announce FY21 results on 8 July 2021 alongside further details on long-term strategic direction and priorities

#### **Brian Duffy, Chief Executive Officer, said:**

“We finished the year strongly and enter the new financial year with real momentum, continuing to prove the value of our highly differentiated model. Our teams have adapted and pushed on, stepping up to the challenges and opportunities with inspirational enthusiasm and positivity. I am very proud of what they have achieved and thank them for their immense contribution.

Throughout the year we either met or exceeded our guidance despite the changing circumstances, in particular, the much longer-than-expected last lockdown in the UK. In the UK, we delivered a very robust performance, overcoming a total of 26 weeks of store closures and hugely reduced travel and tourism business. In the US, we generated an outstanding result with very strong momentum.

We responded to the challenging environment by increasing investment in capex, digital marketing, systems and stock which has resulted in the positive momentum that we carry into FY22. Our guidance for FY22 reflects our confident outlook for the luxury watch and jewellery categories and the success of our modern, international and multi-channel model.

Supporting our local communities is integral to our culture. I am therefore delighted to announce we have decided to approve the launch of the Watches of Switzerland Group Foundation, which will provide essential support in the communities where we live and work in the UK and in the US with an initial contribution of £1.5 million and plans to build this during FY22 and beyond.

Looking ahead, we are confident in our plans to continue investing for growth and to sustain the momentum we have built into FY22 and beyond. We look forward to providing an update at our full-year results on our strategy to further enhance our leading position in the UK and become a leader in the US luxury watch market.”

#### Q4 FY21 Revenue Performance by Geography

(€m)	Q4 FY21	Q4 FY20	Q4 FY21 vs Q4 FY20		Q4 FY21 vs Q4 FY19	
	14 weeks to 2 May 2021	13 weeks to 26 Apr 2020	YoY %	Constant currency YoY %	2-year YoY %	2-year constant currency YoY %
UK	126.2	84.6	49.3%	49.3%	(2.7)%	(2.7)%
US	92.0	39.3	133.6%	151.4%	85.1%	95.9%
<b>Group Revenue</b>	<b>218.2</b>	<b>123.9</b>	<b>76.1%</b>	<b>81.8%</b>	<b>21.6%</b>	<b>24.7%</b>

Nb: all YoY and 2-year comparisons are 14 weeks vs 13 weeks

#### FY21 Revenue Performance by Geography

(€m)	FY21	FY20	FY21 vs FY20		FY21 vs FY19	
	53 weeks to 2 May 2021	52 weeks to 26 Apr 2020	YoY %	Constant currency YoY %	2-year YoY %	2-year constant currency YoY %
UK	606.5	585.5	3.6%	3.6%	3.1%	3.1%
US	298.6	225.0	32.7%	38.5%	61.2%	64.8%
<b>Group Revenue</b>	<b>905.1</b>	<b>810.5</b>	<b>11.7%</b>	<b>13.3%</b>	<b>17.0%</b>	<b>17.9%</b>

Nb: all YoY and 2-year comparisons are 53 weeks vs 52 weeks

#### Q4 FY21 Revenue Performance by Category

(€m)	Q4 FY21	Q4 FY20	Q4 FY21 vs Q4 FY20	Q4 FY21 vs Q4 FY19
	14 weeks to 2 May 2021	13 weeks to 26 Apr 2020	YoY %	2-year YoY %
Luxury watches	195.1	104.1	87.3%	30.0%
Luxury jewellery	11.7	10.5	11.9%	(18.5)%
Other	11.4	9.3	22.9%	(23.2)%
<b>Group Revenue</b>	<b>218.2</b>	<b>123.9</b>	<b>76.1%</b>	<b>21.6%</b>

Nb: all YoY and 2-year comparisons are 14 weeks vs 13 weeks

## FY21 Revenue Performance by Category

	FY21	FY20	FY21 vs FY20	FY21 vs FY19
(£m)	53 weeks to 2 May 2021	52 weeks to 26 Apr 2020	YoY %	2-year YoY %
Luxury watches	788.4	679.9	16.0%	24.9%
Luxury jewellery	60.8	69.1	(12.1)%	(18.7)%
Other	55.9	61.5	(9.2)%	(17.1)%
<b>Group Revenue</b>	<b>905.1</b>	<b>810.5</b>	<b>11.7%</b>	<b>17.0%</b>

Nb: all YoY and 2-year comparisons are 53 weeks vs 52 weeks

## Q4 FY21 and FY21 % Total Potential Traded Hours

	Q4	FY
UK*	13%	42%
US	77%	67%
<b>Group</b>	<b>40%</b>	<b>50%</b>

\* some stores able to conduct click and collect activity during lockdowns 2 (November 2020) and 3 (December 2020 to April 2021)

### Conference call

A webcast conference call for analysts and investors will be held at 9.00am (UK time) today. To join the call, please use the following details:

Dial-in: +44 20 3936 2999

Conference access code: 353825

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### About the Watches of Switzerland Group

The Watches of Switzerland Group is the UK's largest luxury watch retailer, operating in both the UK and US, comprising four prestigious brands; Watches of Switzerland (UK and US), Mappin & Webb (UK), Goldsmiths (UK) and Mayors (US), with complementary jewellery offering.

As at 2 May 2021, the Watches of Switzerland Group has 148 core stores across the UK and US (which includes 39 dedicated mono-brand stores in these two markets in partnership with Rolex, TAG Heuer, OMEGA, Breitling, Audemars Piguet, Tudor and FOPE) and has a leading presence in Heathrow Airport with representation in Terminals 2, 3, 4 and 5 as well as six transactional websites.

The Watches of Switzerland Group is proud to be the UK's largest retailer for Rolex, Cartier, OMEGA, TAG Heuer and Breitling watches.

Mappin & Webb holds Royal warrants as goldsmiths, silversmiths and jeweller to Her Majesty The Queen and silversmiths to His Royal Highness The Prince of Wales. The Mappin & Webb master jeweller has been Crown Jeweller, custodian of the Crown Jewels of Her Majesty The Queen since 2012.

<https://www.thewosgroupplc.com>